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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2017/2018**

COURSE NAME : BASIC ACCOUNTING
COURSE CODE : BWA 20102
PROGRAMME CODE : BWA
EXAMINATION DATE : DECEMBER 2017 / JANUARY 2018
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF FIVE (5) PAGES

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- Q1**
- (a) The Income Statement consists of **FIVE (5)** elements. List and state the example for each element. (5 marks)
- (b) Explain **THREE (3)** types of external users and provide **TWO (2)** examples of accounting information for each user that you are given. (5 marks)
- (c) Explain the meaning of accrued revenue, accrued expenses, prepaid expenses and prepaid income. (5 marks)
- (d) Explain the characteristics of a trading company. (5 marks)
- (e) Explain the various inventory valuation methods. (5 marks)
- Q2**
- (a) Hazim opened a research service near a college campus. He named the corporation Hazim Researchers Inc. During the first month of operations, May 2017, the business engages in the following transactions:
- Hazim Researchers, Inc, issued its common stock to Iffah, who invested RM 25,000 to open the business.
 - The company purchased on account office supplies costing RM 350.
 - Paid cash of RM 20,000 to acquire a lot next to the campus Pagoh. The company intended to use the land as a building site for a business office.
 - He performed research for clients and received cash of RM 1,900.
 - He paid RM 100 on the account payable it created in transaction (ii).
 - He paid RM 2,000 of personal fund vacations.
 - He paid cash expenses for office rent RM 400 and utilities RM 100.
 - The business sold a small parcel of the land for its cost of RM5,000.
 - The business declared and paid a cash dividend of RM 1,200.
- Show that the transactions effect on asset, liability and equity. Then, prepare the Trial Balance as at 31 May 2017. (10 marks)

- (b) The Reen Cyber Service Trial Balance as at 31 December 2010 is as follows:

Table Q2(b)

Account Number	Accounts	Debit (RM)	Credit (RM)
11	Cash	19,130	
12	Accounts receivable	4,440	
14	Supplies	4,000	
15	Insurance prepayment	4,800	
17	Land	20,000	
18	Office equipment	3,600	
21	Accounts payable		1,800
22	Unearned rental revenue		720
23	Notes payable		15,000
31	Capital, Reen		30,000
32	Drawings, Reen	8,000	
41	Interest revenue		32,680
51	Salary expenses	8,550	
52	Rental expenses	3,200	
53	Utility expenses	1,970	
54	Supplies expenses	1,600	
55	Sundry expenses	910	
	TOTAL	80,200	80,200

Additional information relating to adjustment for Reen Cyber Service is as follows:

- The supplies in hand at 31 December 2010 totalled RM 1,520.
- The insurance premium that had expired throughout the year totalled RM 200.
- Unearned rental revenue at 31 December 2010 totalled RM 480.
- Salary accrued but not yet paid at 31 December 2010 totalled RM500.
- Interest revenue accrued but not yet recorded for the month of December totalled RM 1,000.
- Depreciation for office equipment for the month of December totalled RM 100.

Prepare the adjusting entries. Then, prepare the Adjusted Trial Balance as at 31 December 2010.

(15 marks)

- Q3** The following items were taken from the accounting records of Jessica Incorporated. The income statement account balances are for the year ending December 31, 2014. The balance sheet account balances are the balances at December 31, 2014 except for the retained earnings balance which is the balance at 1/1/2014:

Table Q3

Accounts	RM
Accounts Payable	61,000
Accounts Receivable	11,000
Equipment	132,000
Advertising Expense	26,200
Cash	54,500
Common Stock	5,000
Administrative Expense	12,300
Dividends	2,200
Insurance Expense	3,000
Notes Payable (long-term)	70,000
Prepaid Insurance	6,550
Rent Expense	17,000
Retained Earnings (beg)	16,310
Salaries Expense	32,000
Service Revenue	117,700
Office Supplies	4,000
Supplies Expense	6,000
Salaries Payable	3,100
Accumulated Depreciation	20,000
Additional Paid in Capital	20,000
Income tax rate 30%	

- (a) Prepare the Income Statement for the year ended 31 December 2014 for Jessica Incorporated. (10 marks)
- (b) Prepare a statement of retained earnings for the year ended 31 December 2014. (5 marks)
- (c) Prepare the Balance Sheet as at 31 December 2014. (10 marks)

- Q4** The Delta Company uses a periodic inventory system. The beginning balance of inventory and the purchases made by Delta during the month of July are given in **Table Q4**:

Table Q4

Date	Description	Units	Unit cost	Total cost
July 01	Beginning inventory	500	RM 20	RM 10,000
July 18	Inventory purchased	800	RM 24	RM 19,200
July 25	Inventory purchased	700	RM 26	RM 8,200

The Delta Company sold 1,400 unit during the month of July. Compute an inventory for 31st July and cost of goods sold for the month of July using the following inventory costing methods:

- (a) First in, first out (FIFO) method. (10 marks)
- (b) Last in, first out (LIFO) method. (10 marks)
- (c) Average cost method. (5 marks)

- END OF QUESTIONS -